

STATE OF CALIFORNIA

Public Utilities Commission  
San Francisco

**M e m o r a n d u m**

**Date:** August 17, 2003

**To:** The Commission  
(Meeting of August 21, 2003)

**From:** Alan LoFaso, Director  
Office of Governmental Affairs (OGA) — Sacramento

**Subject: AB 909 (Reyes) – Telecommunication: local and long-distance service**  
As Amended July 15, 2003

**Legislative Subcommittee Recommendation:** Support.

**Summary:** This bill would require local telephone companies that provide both local and long-distance services to provide customers with an itemized list for each telephone number detailing the total number of minutes used during a billing period.

**Digest:** Existing law, Chapter 286, Statutes of 2002 (SB 1903, O'Connell), requires commercial mobile radio services to provide subscribers with a way to obtain reasonably current and available account information, as determined by the provider, no later than January 1, 2004.

Existing law, PU Code §2896 authorizes the CPUC to require telephone corporations to provide customers with sufficient pricing information.

Existing law, PU Code §2890 requires telephone corporations to itemize the charges for the services they provide.

This bill would require, upon customer request, incumbent local exchange carriers (ILEC) and competitive local exchange carriers (CLEC) to provide customers purchasing a plan with both local and long-distance service (bundled plan), or a plan with a fixed number of minutes, an itemized list for each telephone number detailing the total number of minutes used during a billing period.

This bill would sunset on January 1, 2007.

**Analysis:** AB 909 seeks to address new consumer disclosure concerns associated with new product offerings by telecommunications providers. These new products arise from changes in the market place as new competitors enter the long-distance service. These new plans offer customers unlimited local and nationwide calling for one flat rate.

According to a recent New York Times article,<sup>1</sup> these-unlimited use plans commonly cost \$50 to \$60 per month (nationwide), including services such as voice mail and caller ID. This figure compares to an average nationwide expenditure of \$48 per household per month for local and long distance calls under traditional plans.

AB 909 is intended to give consumers a basis of comparison between traditional plans and flat rate "bundled" plans by requiring telecommunications providers to disclose, upon request, an estimated amount of minutes applicable to the local calling portion of the bill and itemization of minutes used under the bundled plan. (Typically, customers do not receive call by call itemizations with these plans because calls are not charged individually.)

Current law requires a telephone company to separate billing sections by provider (i.e. when local service is provided by Pacific Bell and long distance is provided separately by MCI, for example), include the amount being charged for each product or service, and to include a clear and concise description of the service or product.

This bill would build upon these requirements by providing bundled or fixed minute customers, upon request, with a itemized list for each telephone number detailing the total number of minutes used during a billing period. Not only will customers be able to review their usage per billing period, they will also be able to compare monthly lists, enabling them to determine if their current plan is the best option for local and long distance service.

### **Suggested Amendment:**

AB 909 would not require specified carriers to disclose the total number of local and long-distance minutes customers use because this bill does account for calls customers make using local service. As drafted, this bill would require specified carriers to provide customers with a "break down showing the total minutes of use...for **toll and long-distance service.**" A toll call can be both a telephone call made and received within the same service area (intraLATA local call) or a call made from one service area to another (interLATA call), but also known as a long-distance call. Whether a toll call is local or long-distance, a charge is assessed beyond the charge for basic service. So, this bill would not provide customers purchasing a plan with both local and long-distance with a "breakdown" of their local minute usage.

This problem would be addressed with following amendment (on Page 2, Lines 15-22):

---

1. "Phone Companies See Their Future in Flat-Rate Plans of Many Services," THE NEW YORK TIMES, May 23, 2003, at B1.

2898. (a) Every incumbent local exchange carrier and competitive local exchange carrier shall provide, upon request and without charge, to customers electing to purchase any service package that includes both local and long-distance service, or for customers that buy a set number of minutes for a fixed price, a breakdown showing the total minutes of use in the billing period listed under one telephone number for ~~toll~~ **local** and long-distance service.

**Legislative History:**

Assembly U&C: 8-2 (do pass) (4/28/03)  
Assembly Approps.: 17-7 (do pass) (5/21/03)  
Assembly Floor: 44-29 (do pass) (5/27/03)  
Senate E.U.&C: 6-0 (do pass) (7/8/03)

**SUPPORT/OPPOSITION**

Support: MCI, Office of Ratepayer Advocates, The Utility Reform Network

Opposition: Verizon

**Legislative Staff Contact:**

Matthew Marcus, Legislative Liason  
CPUC-OGA

[mnm@cpuc.ca.gov](mailto:mnm@cpuc.ca.gov)  
(916) 327-3455

Alan LoFaso, Legislative Director  
CPUC-OGA

[alo@cpuc.ca.gov](mailto:alo@cpuc.ca.gov)  
(916) 327-7788

**Date:** August 17, 2003

**BILL LANGUAGE:**

BILL NUMBER: AB 909      AMENDED  
BILL TEXT

AMENDED IN SENATE    JULY 15, 2003  
AMENDED IN SENATE    JULY 2, 2003  
AMENDED IN SENATE    JUNE 18, 2003  
AMENDED IN ASSEMBLY   MAY 1, 2003  
AMENDED IN ASSEMBLY   APRIL 23, 2003  
AMENDED IN ASSEMBLY   APRIL 10, 2003

INTRODUCED BY    Assembly Member Reyes

FEBRUARY 20, 2003

An act to add and repeal Section 2898 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 909, as amended, Reyes. Telecommunications: local and long-distance service.

Existing law empowers the Public Utilities Commission to regulate telecommunications services. The Telecommunications Customer Service Act of 1993 requires the commission to require telephone corporations to provide certain customer services to telecommunications customers, and authorizes the commission to require telephone corporations to provide additional services.

This bill, until January 1, 2007, would require that every incumbent local exchange carrier and competitive local exchange carrier provide, upon request *and without charge*, to customers electing to purchase a service package for both local and long-distance service, or for customers that buy a set number of minutes for a fixed price, a breakdown showing the total minutes of use in the billing period listed under one telephone number for toll and long-distance service. Because violation of an order, decision, rule, direction, demand, or requirement of the commission is a crime under existing law, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) The telecommunications industry is evolving towards offering to consumers various package options, which include local, regional, and long-distance service.

(b) Consumers have a right to make intelligent and informed decisions relative to what telecommunications services they wish to purchase.

(c) Consumers are able to make intelligent and informed decisions relative to what telecommunications services they wish to purchase, only when they are able to determine how much they are being charged for local and long distance calling.

SEC. 2. Section 2898 is added to the Public Utilities Code, to read:

2898. (a) Every incumbent local exchange carrier and competitive local exchange carrier shall provide, upon request *and without charge* , to customers electing to purchase any service package that includes both local and long-distance service, or for customers that buy a set number of minutes for a fixed price, a breakdown showing the total minutes of use in the billing period listed under one telephone number for toll and long-distance service.

(b) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.